

# Insurance industry should listen to seniors and abolish use of credit scores

Nov. 21, 2021 at 12:01 pm



Paul Tong / Op-Art

By [Mike Kreidler](#) and [Walt Bowen](#)

*Special to The Times*

Many senior citizens on fixed incomes have spent their lives paying up front for goods. They've paid off their debts and rely less on credit. Some may now have lower credit scores because of the unscrupulous way credit bureaus rank people who routinely rely on credit and loans, compared to those who have paid their debts. Is it fair that they pay more for auto or homeowners insurance?

Lost in the recent talk about an emergency rule that bans insurance companies from using your credit score is a simple truth: The industry is already poised to abandon this outdated and

unjust method to determine what you pay to protect your auto and home. In fact, they could do so today.

The insurance industry wants you to believe its corporate hands are tied by an emergency rule the Office of the Insurance Commissioner set last March. But their lobbyists, the American Property Casualty Insurance Association and the National Association of Mutual Insurance Companies, never mention that insurers could use dozens of other more reliable risk factors to determine your premiums.

Instead, they want you to believe that your credit score reflects your self-worth. And that if you have a low credit score, you must deserve it.

They also never mention that three other states, including California, already ban the use of credit scores and yet insurers remain profitable there. They make money relying on other risk factors, including how you drive and the number of claims you have filed.

But here in Washington, they want to keep a practice they have relied on for more than 20 years that [punishes people with lower incomes](#), including senior citizens, regardless of whether they have good driving records and have never filed a claim.

Lately, the tide is turning. Some companies are transitioning away from the use of credit scores and relying on something that makes sense — tracking your actual driving habits. This is called telematics.

Legitimate privacy concerns exist about telematics, and not everyone would be comfortable with this monitoring. Certainly, appropriate guardrails are needed. But the effort shows that some insurers are willing to consider truly reliable rating tools.

There are other innovative ideas that could benefit consumers, but that's assuming the insurers really want to help all policyholders. That's especially true for seniors. Insurers routinely raise premiums based on age and even [take advantage of their longtime loyalty](#) by never offering them better rates.

We need to get to the root causes of insurance claims. Credit scores do not cause accidents. It's disheartening to hear some legislators abandon logic and tell people to focus on their credit scores instead of driving behavior. Credit scores are a tool of the financial industry — and now the insurance industry. It uses these scores to sell more policies to the people it really wants to insure.

But what does a credit score have to do with how you — whether a senior citizen or young adult — drive your car or treat your property? There are many reasons people have low credit scores, including natural disasters, medical bankruptcy or lack of access to credit institutions. The impact of this inequity can span generations.

We welcome the opportunity to encourage innovation in the insurance industry. In a time of widely polarized views fueled by deliberate misinformation, we know that collaboration with insurers is needed for long overdue reforms. This will involve legislators, regulators and wizened consumers like us to create clear and consistent rules that create a system that is fair for everyone, regardless of your credit score.

We stand ready to work with insurers and legislators who are willing to embrace fairness and do right by policyholders. Let's get started.

*Kreidler's rule banning credit scoring has a virtual public hearing, 9:30 a.m., Tuesday, Nov. 23, and broadcast on TVW.*

**Mike Kreidler** is Washington state's insurance commissioner.

**Walt Bowen** is president, Washington state Senior Citizens' Lobby, a nonprofit that includes organizations and groups that advocate for people over the age of 65 and who provide services to seniors. Its members include the League of Women Voters of Washington, AARP and Washington Alliance for Retired Americans.

 [View 131 Comments](#)